



ORIGINATOR: CHIEF CONSTABLE

PAPER NO. AP13/11

**SUBMITTED TO: ACCOUNTABILITY AND PERFORMANCE PANEL –
30 APRIL 2013**

SUBJECT: FINANCIAL MONITORING AS AT 28.2.13

SUMMARY:

1. This submission covers the financial overview of the Constabulary Revenue Budget, Capital Budget, Investments and Reserves as at 28.2.13.
2. The year-end figures will be reported to the next meeting of the Panel on 7 June 2013.
3. Preliminary reports run in order to gauge the year-end figures show that the position is not materially different to that reported in this paper.

RECOMMENDATION:

1. The Accountability and Performance Panel is asked to note the content of this report.

1. CONSTABULARY REVENUE BUDGET

The total Constabulary Revenue Budget indicates an under-spend of £2.619m against the profiled month 11 budget, and is currently forecast to be under-spent by £2.475m at year-end (2.2% of the gross revenue budget). This compares with £2.04m forecast year-end under spend reported last month and is explained in the main body of this report.

The main variances producing this under-spend are provided in Table 1 below:

Table 1

No.	Description	Year-to-date under/(over) spend (k)	Forecast under/(over) spend (k)	Variance as a percentage of full year budget
Recurring Variance				
1.	Income	124	30	0.02%
2.	Police Pay	297	325	0.64%
3.	Police Overtime	290	290	17.99%
4.	Transport Costs	103	100	4.30%
5.	Other	126	75	0.64%
	Sub-total	940	820	
Non-recurring Variance				
6.	Staff Pay	386	380	1.10%
7.	Premises Costs	168	150	3.93%
8.	ICT Costs	210	210	4.42%
9.	Forensic Costs	390	390	34.50%
10.	Medical Costs	185	185	16.77%
11.	PIC Contract	340	340	9.17%
	Sub-total	1679	1655	
	Total	2,619	2,475	

64% of the under-spend is one off savings not likely to recur in future years.

Income

- 1.1 There is a surplus of £30k projected on income at year-end.
- 1.2 The forecast position has improved by £130k in this period when compared to the month 10 forecast. The main reason for this change is that more income has recently been received in relation to the hire of the helicopter prior to the transfer of the helicopter to the National Police Air Service (NPAS).

Salary Costs

- 1.3 The anticipated year-end underspend for salary costs, covered by items 2, 3 and 4 in the table above is £995k, This is broken down as follows:

Police Pay

- 1.4 Appendix A portrays the police officer strength projections, which take into account the planned recruitment and forecast leavers. The current projections provide an average strength of 1172 FTEs compared to the budgeted average of 1176 FTEs. The forecast year-end under-spend on Police Pay is £325k. This is an increase forecast under spend of £25k when compared to the last period. This is due to the projected average FTE being revised from 1173 last month to 1172 this month.

Police Overtime

- 1.5 The forecast in relation to overtime has not changed since last month. A prudent budget of £350k was set in relation to overtime as a result of the Olympics in 2012. However, all but £60k of this was ultimately recoverable from the Home Office. As a result £290k will be transferred to the General Reserve at year-end.

Staff Pay

- 1.6 Due to the number of vacancies held, Staff Pay is forecast to be under-spent by £330k by year-end. This relates to temporary savings in advance of permanent establishment changes as business cases in relation to the Change Programme are approved. The forecast under spend in this area has increased by £30k since the last period because of additional leavers during February.

Other Costs

- 1.7 Premises costs are projecting to be underspent by £150k at year-end and this relates primarily to under-spends on gas, electricity and building maintenance. This is an increase in the forecast under spend of £50k against the last period.
- 1.8 Transport costs are forecast to be under-spent at year-end by £100k, which relates to lower expenditure than budgeted in vehicle equipment and travel costs.
- 1.9 Supplies and services, covered by items 6 to 10 in Table 1, are forecast to be under-spent by £1.20m by year end (an increase under spend of £50k compared to last month's forecast). The primary reasons for this are listed below.
- 1.10 £210k relates to ICT, a small increase under spend of £9k compared to last month, primarily arising due to reduced network and telephone rental costs which have been identified as revenue savings within the Business Support Review.
- 1.11 £575k relates to Forensic and Medical budgets, continuing the trend of under spending in these areas seen in 2011/12. The budget for 2013/14 has been reduced to reflect the current demand. This is an increased forecast under spend of £139k above the forecast last month. The main reason is because of the lower than anticipated number of Forensic submissions in February.
- 1.12 £340k relates to the credits received as a result of penalties against the PIC contract. This compares to £314k reported last month. This level of credits is unlikely to be repeated in 2013/14 as the contractor is significantly reducing the number of issues that have given rise to these credits.

Savings

- 1.13 Budgeted savings for 2012/13 are £7.3m. The under-spends outlined above are in addition to this saving requirement.

2. CAPITAL

- 2.1 The Capital budget for 2012/13 is £8.956m plus £2.399m slippage from 2011/12, providing a total capital budget of £11.355m.
- 2.2 The main areas of expenditure include the Joint Property Project and the Estates downsizing re-provision, replacement of major systems and vehicle replacement. The estimated slippage is £2.932m.

3. FINANCIAL IMPLICATIONS

- 3.1 As per the report.

4. OTHER IMPLICATIONS AND RISKS

- 4.1 This report has implications against risk 1 of the Risk Register of the PCC, in respect of the longer term strategic financial planning. The above report forecasts a contribution to reserves of £2.475m. This increase in reserves can be strategically used to support strategies that mitigate against the uncertainty over future government funding.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	No
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	No
Have human resource implications been considered?	N/A
Is the recommendation consistent with the objectives in the Police and Crime Plan?	N/A
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	N/A
Has communications advice been sought on areas of likely media interest and how they might be managed?	N/A
In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?	N/A